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PTQ6050

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B1, 1.4(D)

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ACTION WHA-00

INFO	LOG-00	MFA-00	NP-00	AID-00	CEA-01	CIAE-00	CTME-00
	DINT-00	DODE-00	DOTE-00	PERC-00	SRPP-00	DS-00	EB-00
	EXIM-01	E-00	FAAE-00	VC-00	FRB-00	H-01	TEDE-00
	INR-00	ITC-01	LAB-01	L-00	VCE-00	AC-01	NSAE-00
	OES-00	OMB-01	OPIC-01	PA-00	PM-00	PRS-00	ACE-00
	P-00	SP-00	IRM-00	SSO-00	SS-00	STR-00	TRSE-00
	USIE-00	ASDS-00	EPAE-00	ECA-00	PMB-00	DSCC-00	PRM-00
	DRL-02	G-00	NFAT-00	SAS-00	/010W		

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O 132041Z DEC 02
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC IMMEDIATE 9036
INFO DEPT OF COMMERCE WASHDC PRIORITY
DEPT OF ENERGY WASHDC PRIORITY
NSC WASHDC PRIORITY
OPEC COLLECTIVE
AMEMBASSY BOGOTA
AMEMBASSY BRASILIA
AMEMBASSY LA PAZ
AMEMBASSY LIMA
AMEMBASSY MEXICO
AMEMBASSY PORT OF SPAIN
AMEMBASSY QUITO
AMEMBASSY SANTIAGO

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DEPT ALSO FOR DS/IP/WHA, S/ES-O/DS, AND DS/DSS/ITA
NSC FOR LLORENS
ENERGY FOR D. PHUMPHREY, A. LOCKWOOD, M. BILLIG, AND B.
MARCOIS

E.O. 12958: DECL: 12/13/2012
TAGS: EPET, PGOV, ECON, ASEC, VE
SUBJECT: ENERGY SECTOR: STRIKE DAY 12

REF: CARACAS 3907

CLASSIFIED BY: DCM FREDERICK B. COOK, REASONS 1.5 (B) AND (D)

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SUMMARY

1. (C) AS THE STRIKE IN PETROLEOS DE VENEZUELA (PDVSA) TOOK YET ANOTHER SERIOUS TURN WITH THE FIRING OF STRIKING EXECUTIVES, OIL AND GAS PRODUCTION CONTINUE TO DROP. GASOLINE CONTINUES TO FLOW INTO CARACAS, AT FAR BELOW NORMAL LEVELS, ALTHOUGH SEEMINGLY ENOUGH TO SATISFY DEMAND. SCARCITY OF DIESEL FUEL IS A SERIOUS PROBLEM NATIONWIDE. ELECTRICITY SUPPLY IS STILL ROBUST. END SUMMARY.

PDVSA MANAGEMENT

2. (C) ON DECEMBER 12, PDVSA PRESIDENT ALI RODRIGUEZ ANNOUNCED THE FIRING OF A NUMBER OF PDVSA EXECUTIVES: JUAN CONFIDENTIAL

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FERNANDEZ, SPOKESMAN FOR THE PDVSA OPPOSITION NGO &GENTE DE PETROLEOS (PETROLEUM PEOPLE); HORACIO MEDINA AND EDGAR QUIJANO, BOTH LEADERS OF UNAPETROL, THE UNION THE MANAGERS SOUGHT TO FORM WITHIN THE PDVSA; AND, FINALLY, EDGAR PAREDES, CURRENTLY PRESIDENT OF PEQIVEN, PDVSA,S CHEMICAL AFFILIATE, AND WELL-KNOWN WITHIN THE COMPANY AS AN OPPOSITION LEADER.

[REDACTED]

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THE PDVSA
OPPOSITION,S IMMEDIATE RESPONSE TO THE FIRINGS WAS A ROUSING SESSION WITH SUPPORT OF NUMEROUS OPPOSITION LEADERS. MASS MEETINGS ARE PLANNED AT VARIOUS PDVSA FACILITIES AROUND THE COUNTRY DECEMBER 13, AND A FLOTILLA OF SMALL BOATS IS EXPECTED TO SAIL IN SUPPORT OF THE ANCHORED PDV MARINE TANKERS IN MARACAIBO THE AFTERNOON OF DECEMBER 13TH.

OIL PRODUCTION

3. (C) ALTHOUGH THE GOV PUBLICLY ASSERTS THAT PRODUCTION OPERATIONS ARE SLOWLY RETURNING TO NORMAL, [REDACTED]

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[REDACTED] INFORMED ECONOFF THAT PRODUCTION IN THE WEST (MARACAIBO) WAS AT 570,000 BARRELS PER DAY (B/D) ON DECEMBER 12. ACCORDING TO [REDACTED] 70,000 BARRELS WERE SHUT IN OVERNIGHT THE NIGHT OF DECEMBER 12 AND 50,000 MORE WILL BE SHUT IN DURING THE COURSE OF THE DAY ON DECEMBER 13, FOR A TOTAL OF 450,000 B/D. PRODUCTION OUT OF THE EAST IS RUNNING AT 100,000 B/D. (NOTE: ABOUT HALF OF VENEZUELA'S CRUDE

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PRODUCTION COMES OUT OF THE WEST AND HALF OUT OF THE EAST.
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NORMAL PRODUCTION FOR BOTH WOULD THUS BE IN THE RANGE OF
1.3-1.5 MILLION B/D.) THERE IS NO PRODUCTION IN THE SOUTH
(WHICH IS NORMALLY APPROXIMATELY 100,000 B/D). ACCORDING TO
AN OPERATIONAL STATUS REPORT PUT OUT BY THE PDVSA OPPOSITION
ON DECEMBER 12, PDVSA IS ONE DAY AWAY FROM COMPLETE SHUT DOWN
OF CRUDE PRODUCTION.

4. (C) THERE IS STILL A CERTAIN AMOUNT OF PRODUCTION BY THE
PRIVATE OIL COMPANIES OPERATING IN VENEZUELA. THE HEAVY
CRUDE UPGRADING FACILITIES HAVE RECEIVED NOTICE OF FORCE
MAJEURE FROM PDVSA THAT IT WILL NOT ACCEPT ADDITIONAL
PRODUCT. A REPRESENTATIVE OF SINCOR, THE CONSORTIUM FORMED
BY TOTALFINAELF, STATOIL AND PDVSA, OPERATING IN THE ORINOCO
HEAVY CRUDE BELT, INFORMED THE U.S. DEPARTMENT OF ENERGY
(DOE) THAT ITS OPERATIONS HAD BEEN REDUCED TO 80,000 B/D BUT
WILL BE SHUT DOWN ON DECEMBER 14. PETROZUATA (CONOCOPHILLIPS
AND PDVSA) ALSO INFORMED DOE THAT ITS OPERATIONS HAD BEEN
REDUCED TO 70,000 B/D. CHEVRONTXACO HAS INFORMED US THAT
THEIR HAMACA PROJECT (THE OPERATOR, AMERIVEN, IS A CONSORTIUM
WITH CONOCOPHILLIPS AND PDVSA) IS SHUT DOWN. EXXONMOBIL
INFORMED US DECEMBER 12 THAT CERRO NEGRO (CONSORTIUM WITH
VEBA OIL AND PDVSA) IS NOW PRODUCING 55,000 B/D BUT HAS ONLY
4-5 DAYS MORE DAYS OF STORAGE.

5. (C) ALL THE OPERATING AGREEMENTS HAVE BEEN ASKED TO CLOSE

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ACTION WHA-00

INFO	LOG-00	MFA-00	NP-00	AID-00	CEA-01	CIAE-00	CTME-00
	DINT-00	DODE-00	DOT-00	SRPP-00	DS-00	EB-00	EXIM-01
	E-00	FAAE-00	VC-00	FRB-00	H-01	TEDE-00	INR-00
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	OMB-01	OPIC-01	PA-00	PM-00	PRS-00	ACE-00	P-00
	SP-00	IRM-00	SSO-00	SS-00	STR-00	TRSE-00	USIE-00
	EPAE-00	PMB-00	DSCC-00	PRM-00	DRL-02	G-00	NFAT-00
	SAS-00	/010W					

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O 132041Z DEC 02
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC IMMEDIATE 9037
INFO DEPT OF COMMERCE WASHDC PRIORITY

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DEPT OF ENERGY WASHDC PRIORITY
NSC WASHDC PRIORITY
OPEC COLLECTIVE
AMEMBASSY BOGOTA
AMEMBASSY BRASILIA
AMEMBASSY LA PAZ
AMEMBASSY LIMA
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OR REDUCE OPERATIONS. FEW COMPANIES HAVE ISSUED PUBLIC
STATEMENTS BUT ONE THAT DID, HARVEST NATURAL RESOURCES
(FORMERLY BENTON), INDICATED ON DECEMBER 9 THAT ITS
PRODUCTION OUT OF SOUTH MONAGAS HAD NOT BEEN INTERRUPTED.
HOWEVER, SALES TO PDVSA WERE REDUCED FROM 27,000 TO 19,000
B/S WITH THE BALANCE GOING INTO STORAGE. THE COMPANY ADDED
THAT IT HAD NINE DAYS OF STORAGE AVAILABLE BEFORE PRODUCTION
WOULD BE AFFECTED. IT APPEARS FIELDS PRODUCING
NON-ASSOCIATED GAS HAVE BEEN ALLOWED TO REMAIN IN OPERATION.

6. (C) WITH RESPECT TO PDVSA,S PRODUCTION OF NON-ASSOCIATED
GAS, THE PDVSA OPPOSITION,S DECEMBER 12 OPERATIONAL REPORT
CLAIMS THAT 7.6 BILLION CUBIC FEET A DAY OF GAS PRODUCTION
HAS BEEN SHUT DOWN, OR 80 PERCENT OF NORMAL PRODUCTION. THAT
GAS IS RESERVED FOR ELECTRICITY GENERATION AND DOMESTIC
CONSUMPTION.

REFINING AND SHIPPING

7. (C) THE SITUATION IN THE REFINERY SECTOR REMAINS MUCH THE
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SAME ALTHOUGH THE PDVSA OPPOSITION NOW CLAIMS THAT THE PUERTO LA CRUZ REFINERY WILL BE FORCED TO SHUT DOWN THE LOW LEVEL GASOLINE PRODUCTION (80,000 B/D) IT HAS BEEN MAINTAINING IN THE NEXT DAY OR SO. (THIS WEEK,S CLAIMS BY MINISTER OF ENERGY AND MINES RAMIREZ THAT EXPORTS HAVE RESUMED ARE DISCUSSED IN SEPTTEL.) THE 14 STRIKING PDV MARINE TANKERS REMAIN AT ANCHOR WHILE OVER 25 OTHER VESSELS ARE ALSO ANCHORED OFF VENEZUELA'S PETROLEUM PORTS. EVEN IF EXPORTS DO PICK UP, HOWEVER, CONTINUITY OF SUPPLY WILL BE A PROBLEM SINCE INVENTORY WILL NOT BE REPLACED WITH NEW PRODUCT UNTIL THE REFINERIES ARE BACK ONLINE.

DOMESTIC FUELS MARKET

8. (C) TRANSPORTATION OF GASOLINE INTO CARACAS IS SAID TO BE OPERATING AT APPROXIMATELY 30 PERCENT OF NORMAL LEVELS. MANY GAS STATIONS ARE CLOSED AND MANY NOW SEEM TO BE ONLY DISTRIBUTION LEADED GASOLINE. HOWEVER, LINES AT GAS STATIONS DO NOT APPEAR TO BE TOO LONG. THERE ARE MANY ALLEGATIONS THAT THE GASOLINE IS CONTAMINATED BECAUSE OF THE POOR STATE OF THE REQUISITIONED TANKERS CARRYING IT. A SCARCITY OF DIESEL FUEL IS IDENTIFIED AS A SERIOUS PROBLEM IN THE REST OF THE COUNTRY.

ELECTRICITY STILL THE ONE BRIGHT LIGHT

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9. (C) [REDACTED] ASSURES US HIS SYSTEM IS &ROBUST.8 B1
EDC,S CARACAS OPERATIONS ARE RECEIVING 300 MW HOURS FROM THE GURI HYDROELECTRIC DAM AND SEVEN AND A HALF MILLION CUBIC FEET PER HOUR OF NATURAL GAS (WITHIN THEIR CONTRACTED AMOUNT FROM PDVSA). THE COMPANY HAS ALSO TOPPED ITS FUEL OIL TANKS. GLUSKI REPORTS, HOWEVER, THAT THEIR PLANT IN THE WEST AT AMUAY HAS NO GAS AND IS RUNNING ON GASOIL. THIS HAS LITTLE IMPACT BECAUSE DEMAND IS AT A MINIMUM WITH THE REFINERY SHUT DOWN.

COMMENT

10. (C) [REDACTED] B1

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